

NEWS FROM TENNESSEE ECD

DEVELOPMENTS

Volume 2, Issue 2

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Nissan Breaks Ground on
Lithium-Ion Battery Plant

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On the COVER

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Four More Funds



Comments from Commissioner

Matt Keli



As we enter the home stretch of Governor Bredesen's second term in office, I find myself impressed by our state's continued ability to land big economic development projects. A good case in point is the \$1.7 billion investment Nissan is making in Smyrna (*see story on page 4*). We still have time to make an impact, and we are using every bit of it to bring new investments and new jobs to the state.

We've worked hard over the past seven and a half years to remake the business of economic development, and others continue to take notice. In the past few months alone, Tennessee has been honored by several leading industry publications for our efforts.

In the same month that we landed the anchor tenant for the new Nashville Medical Trade Center (*see story on page 5*), *Chief Executive* magazine also named Tennessee among its top three states in the nation for business.

In *Chief Executive's* sixth annual survey of *Best and Worst States for Business*, more than 650 chief executive officers rated every state in the nation in three general categories: taxation and regulation, workforce quality and living environment. The CEOs then rated each category on importance, naming employee work ethic, lower tax rates, perceived attitudes toward business and living environment considerations among their most highly valued attributes. After all this, Tennessee moved up two places in the rankings from the previous year, securing the number three spot. Not bad, right?

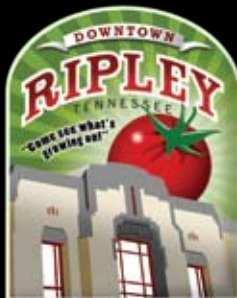
Soon after, *Site Selection* Magazine announced that Tennessee is among its *Most Competitive States*. The Volunteer State placed fourth in the magazine's annual rankings, which uses a 10-part measure of state-level economic development agencies' performance, largely based on actual new facility announcements. This is just a few months after placing fifth in *Site Selection's* *Governor's Cup* rankings.

Since Governor Bredesen took office in 2003, we have recruited more than 190,000 jobs to our state, representing a capital investment of \$33 billion. Additionally, more than 50 new corporate headquarters now call Tennessee home.

I am so proud of what we have been able to accomplish – and what we continue to accomplish. These accolades are just a small example of the awards we have earned over the past year, and they are proof that the business friendly climate we've worked so hard to create is yielding results and garnering positive attention for Tennessee. ■

ECD In Brief

Ripley Joins Main Street's Ranks



Ripley, Tenn. received Main Street certification in June for its efforts to revitalize its downtown district. Ripley joins 23 other Tennessee communities in earning state certification and national accreditation from the National Main Street Center in recognition of their work to improve quality of life and encourage economic development.

BERO Accepts 2009 Catalyst

ECD's Business Enterprise Resource Office accepted the 2009 Catalyst Award on behalf of the state at the Ewing Marion Kauffman Foundation in Kansas City, Mo. in May. Tennessee was praised for its outstanding entrepreneurial spirit during the Global Entrepreneurship Week last November. More than 60 events were held statewide to celebrate the role entrepreneurs play in innovation, job creation and economic recovery.



Loudon County: Destination Retirement

Loudon County has joined Cumberland, Greene, Hamilton, Hardin, Henry, Jefferson, Lincoln, Putnam, Robertson and Sullivan Counties in the state's Retire Tennessee program.



These communities have made retiree recruitment a part of their economic development strategies and are certified Three-Star Communities.

ECD Commissioner At Work

- April 8:** 15th Annual Rural Development Conference in Cookeville
- April 11-13:** 3rd Annual Southeastern U.S. Canadian Provinces Alliance Conference in Biloxi, Miss.
- April 14:** Lipscomb University's Institute for Sustainable Practice's 3rd Annual Green Business Summit in Nashville
- April 22:** Volkswagen Supplier Park Press Conference in Chattanooga
- April 22:** East Tennessee Development Agency Board Luncheon in Knoxville
- April 29:** Launch of the Mid-South Angel Network hosted by Innova in Memphis
- May 4-5:** 2010 Bio International Convention in Chicago, Illinois
- May 7:** Basic Economic Development Course Graduation in Nashville
- May 11:** Nashville Area Chamber of Commerce Partnership 2020 Leadership Cabinet Meeting in Nashville
- May 12:** Bridgestone Americas Warren County Facility Twenty Year Anniversary Celebration in Morrison
- May 14-22:** Asia Trade and Investment Mission in China and Vietnam
- May 26:** Nissan Smyrna Battery Plant Groundbreaking Ceremony in Nashville
- May 26:** 2010 Convening the Region Summit in Nashville
- June 2:** Nashville's Trace Launch in Nashville
- June 4:** Volkswagen Training Academy Opening in Chattanooga
- June 7-12:** Southern Governors' Association China Forum in Beijing, China
- June 13-19:** Europe Trade and Investment Mission in Germany and Spain
- June 22:** Memphis Coalition for Advanced Networking Launch in Memphis
- June 24:** Alstom Inauguration Ceremony in Chattanooga
- June 25:** 2010 Tri-State Press Convention in Tunica, Miss.
- June 28:** Tennessee Downtown Revitalization Workshop in Nashville
- June 29:** East TN Economic Development Agency's New Jersey Site Consultant Luncheon in Bernardsville, NJ



Above from left, ECD Commissioner Matt Kisber; Revenue Commissioner Reagan Farr; Governor Phil Bredesen, U.S. Commissioner General Jose H. Villarreal, ECD Representative for China Li Weaver; and ECD Director of International Investment Lori Odom during a recruitment trip to China. At bottom left, ECD Commissioner Kisber speaks at the 2010 China - Tennessee Invest Symposium in Shanghai.

Governor, Commissioner Market Tennessee Worldwide

Governor Phil Bredesen and ECD Commissioner Matt Kisber spent time marketing Tennessee across the globe this spring. In addition to a trip to Biloxi, Miss. to welcome representatives from several Canadian Provinces at the Southeastern United States – Canadian Provinces Alliance annual conference, state officials traveled to Berlin and Wolfsburg, Germany; Barcelona, Spain; Shanghai and Hong Kong, China; and Ho Chi Minh City, Vietnam for job recruitment trips.

In Europe, Governor Bredesen and Commissioner Kisber were joined by Revenue Commissioner Reagan Farr and Finance and Administration Commissioner Dave Goetz. While visiting Germany, they met with Volkswagen executives and potential Volkswagen suppliers who may have an interest in developing manufacturing or distribution facilities in Tennessee.

Governor Bredesen and Commissioners Kisber and Farr also touted the unparalleled business climate of Tennessee to a group of Chinese investors and business owners in May while attending the Shanghai World Expo. The business leaders represented a variety of sectors including automotive manufacturing, industrial manufacturing and health care. The symposium on investment opportunities in Tennessee coincided with the state's sponsorship of the U.S. Pavilion at the World Expo.

Following the Shanghai visit, the Tennessee delegation met with companies in Hong Kong and traveled to Ho Chi Minh City to explore opportunities to expand exports from Tennessee companies.

Volkswagen Academy Opens At Chattanooga Plant

The Volkswagen Academy, a cutting edge employee training center that will host an advanced vocational program and provide meeting facilities for outside groups when it is fully functioning, held its grand opening in June. Volkswagen Group of America, Chattanooga Operations partnered with Chattanooga State Community College and the State of Tennessee on the construction of the facility and its curriculum.

Volkswagen Academy will prepare new employees for work, beginning with the basics of Volkswagen's products, strategy and structures. Later, students will learn about efficient production processes based on Volkswagen's production system.

The space features modern classroom facilities with contemporary technology found in the finest university settings, but also features all the aspects of the manufacturing facility to allow for hands-on training. This dual educational track helps workers prepare mentally and physically, so that when they enter the plant they are experts in their field.

In the 163,000 square feet it occupies, the Volkswagen Academy houses a conference center, LEAN center, automotive center, automation center and vocational skills center. It contains 19 classrooms, a cafeteria with seating for 100 people, a gift shop and a coffee shop.



Hans-Herbert Jagla, executive vice president of human resources at Volkswagen Chattanooga, speaks to the crowd at the Volkswagen Academy grand opening in June 2010.

Electric Ride

Nissan Breaks Ground on Lithium-Ion Battery Plant

Tennessee's auto industry got a lot greener when Nissan broke ground in May on a new lithium-ion battery plant in Smyrna. The batteries will be used to power the zero-emission Nissan LEAF, which will be produced at Nissan's existing Smyrna vehicle assembly facility, beginning in 2012.

ing plant leads the way to the next generation of automotive and clean energy jobs in the Volunteer state."

(See *Electric Ride*, page 6)

When operating at full capacity, the two plants will create up to 1,300 new jobs for Tennesseans. The battery plant, one of the largest of its kind in North America at 1.3 million square feet at full capacity, will be capable of producing 200,000 advanced-technology batteries each year. The adjacent vehicle assembly plant will be retooled to accommodate production of the Nissan LEAF and will be capable of producing 150,000 electric cars annually.

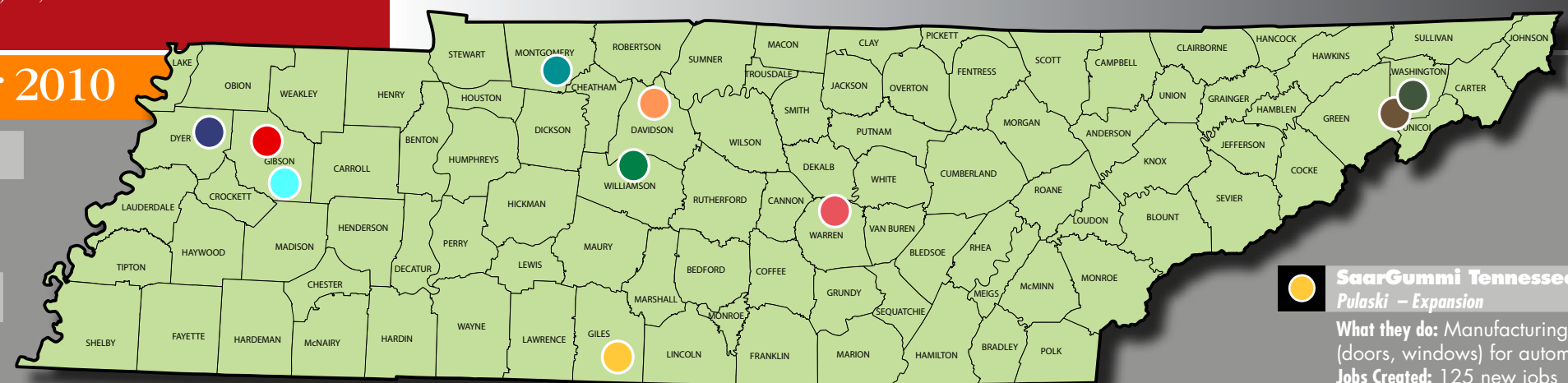
"Tennessee has become a national leader in driving clean energy innovation, and Nissan's commitment to build this advanced-technology battery facility here in Tennessee is a key part of that success," said Governor Phil Bredesen. "Nissan's investment in Tennessee began more than two decades ago, and this new manufactur-



Nissan Chief Executive Officer Carlos Ghosn and Governor Phil Bredesen examine the zero-emission Nissan LEAF.



Rendering of Nissan's new 1.3 million square-foot lithium-ion battery plant in Smyrna, Tenn.



Top 10 Job Creation Projects - Second Quarter 2010



Advanced Call Center Technologies

Johnson City – Expansion

What they do: Inbound and outbound call center activities

Jobs Created: 300 new jobs

Investment: \$2.5 million



Avanti Manufacturing

Clarksville – Expansion

What they do: Manufacturing of textiles

Jobs Created: 55 new jobs

Investment: \$23.2 million



Bongards' Creameries

Humboldt – New Project

What they do: Manufacturing and processing of cheese products

Jobs Created: 89 new jobs

Investment: \$19.7 million



Industrial Electronics Services, Inc.

Gray – Expansion

What they do: Printed circuit board assembly

Jobs Created: 105 new jobs

Investment: \$6.3 million



Jackson National Life

Franklin – New Project

What they do: Regional Headquarters Life Insurance

Jobs Created: 723 new jobs

Investment: \$10 million



Kongsberg Automotive

Milan – Expansion

What they do: Manufacturing of foam seating for automotive

Jobs Created: 120 new jobs

Investment: \$7 million



Loews Hotel, Inc.

Nashville – New Project

What they do: Shared Services Center

Jobs Created: 187 new jobs

Investment: \$5.8 million



Miniature Precision Components

Morrison – New Project

What they do: Regional Distribution Center

Jobs Created: 118 new jobs

Investment: \$7.5 million



NSK Steering Systems America, Inc.

Dyersburg – Expansion

What they do: Manufacturing of automotive steering systems

Jobs Created: 180 new jobs

Investment: \$20 million



SaarGummi Tennessee, Inc.

Pulaski – Expansion

What they do: Manufacturing of seals (doors, windows) for automotive

Jobs Created: 125 new jobs

Investment: \$14.6 million



Brooxie Carlton leads a workshop covering the requirements of the EECBG program. Workshops were held throughout August in Jackson, Cleveland, White Pines and Nashville.

\$13.4 Million in Energy Efficiency and Conservation Block Grants Distributed

Communities statewide are now able to improve their energy consumption and implement energy-saving, cost-effective projects thanks to funding provided by the American Recovery and Reinvestment Act. \$13.4 million in Energy Efficiency and Conservation Block Grants (EECBG) was distributed to 146 Tennessee communities during the first half of 2010.

"Tennessee has made great strides in the area of clean energy during Governor Bredesen's administration, both economically and environmentally," said Commissioner Kisber. "The EECBG program helps save taxpayer money through improved energy efficiency in buildings and transportation systems, creates new jobs and reduces our overall energy consumption."

Grants cover a variety of energy efficiency and conservation programs, including the installation and replacement of inefficient lighting in government buildings, streetlamps and traffic signals; installation of solar panels on government buildings; and replacement parts for inefficient HVAC systems and water heaters.

The EECBG program is projected to produce more than 92 million kilowatt-hours of energy savings annually, resulting in an estimated cost-savings of \$8 million per year for Tennessee communities. In addition, approximately 149 jobs will be created by the grants awarded.

A complete list of EECBG-funded projects and communities can be found at <http://tneecd.gov/recovery/eecbg.html>.

HIMSS Anchors Nashville Medical Trade Center

Governor Phil Bredesen, ECD Commissioner Matt Kisber, Nashville Mayor Karl Dean and officials from Market Center Management Company (MCMC) and the Healthcare Information and Management Systems Society (HIMSS) announced in April that HIMSS would become the first anchor tenant of the Nashville Medical Trade Center. The center is slated to be built on the space currently occupied by the old Nashville Convention Center.

HIMSS expects to permanently house its Interoperability Showcase in the Nashville Medical Trade Center. The Showcase is a state-of-the-art, interactive demonstration that shows how health information technology applications share patient data across a range of healthcare settings. It is the premier demonstration platform for the latest in healthcare IT.

"Nashville and the state of Tennessee already have a strong reputation in the area of health care information technology development and innovation. HIMSS' presence here will make our state a center of excellence in this increasingly important area of health care delivery," said Governor Phil Bredesen.

MCMC announced plans late last year to locate the world's first medical trade center in the Music City. The project is estimated to cost around \$250 million and create 2,700 jobs.



Above from left, Bill Winsor, president and CEO of Market Center Management Company; H. Stephen Lieber, president and CEO of HIMSS; Governor Phil Bredesen, Nashville Mayor Karl Dean, ECD Commissioner Matt Kisber, and Revenue Commissioner Reagan Farr celebrated HIMSS' announcement to have a presence in the Nashville Medical Trade Center (pictured at left) in April 2010.

Electric Ride (continued from page 4)

Combined, the construction of the battery plant and modification of the Smyrna manufacturing facility to accommodate Nissan LEAF production represents an investment of up to \$1.7 billion, which initially is being supported by a U.S. Department of Energy loan for 80 percent of that investment, up to \$1.4 billion.

"Nissan is committed to affordable, sustainable mobility. What we're doing here will radically transform the automotive experience for consumers and is a major step in helping create a green economy in the U.S.," said Carlos Ghosn, president and CEO of Nissan Motor Co., Ltd. "Production of Nissan LEAF and lithium-ion batteries in Smyrna brings the U.S. closer to its goal of energy independence, creates green jobs and helps sustain American manufacturing. Nissan is a leader in global manufacturing innovation, and this state-of-the-art battery plant will strengthen that leadership."

Nissan LEAF Roll Out

The Nissan LEAF will be available in December to consumers in five states: Tennessee, California, Washington, Oregon and Arizona. These areas are home to The EV Project – the largest electric vehicle and infrastructure deployment ever undertaken. The EV Project is a result of a partnership with charging infrastructure provider ECOTality and partially funded by a grant from the U.S. Dept. of Energy. The state of Tennessee has committed \$5 million to support EV infrastructure.

Nissan LEAF will be introduced to Texas and Hawaii shortly thereafter, in January 2011; North Carolina, Florida, Georgia, Washington DC, Virginia, Maryland, South Carolina and Alabama follow in April 2011; and be rolled-out to the balance of the nation beginning in Fall 2011 with availability in all markets nationwide by the end of that year.

Nissan is continuing to take reservations for the Nissan LEAF through its website, www.NissanUSA.com.



The zero-emission Nissan LEAF will be produced at Nissan's existing Smyrna vehicle assembly facility beginning in 2012.

State Legislature Approves TNInvestco Expansion

The Tennessee General Assembly approved an expansion of the TNInvestco program in June, increasing the number of funds from six to 10. The 10 TNInvestcos in the program have now collectively raised more than \$146 million in new capital to invest in small businesses, create jobs and further develop Tennessee's entrepreneurial infrastructure.

"Tennessee has long been recognized for its strong entrepreneurial spirit," said ECD Commissioner

Matt Kisber. "TNInvestco can act as a catalyst for a new surge of venture capital into Tennessee and function as a win-win for the state, the investor companies and the companies who receive the capital they need to grow and create new jobs."

The U.S. Chamber of Commerce's National Chamber Foundation recently issued an expanded Tennessee profile, an addition to the Enterprising States study released in May 2010, which highlights how state and local policies play a vital role in creating an environment needed to spur job creation and economic growth. The report praised Tennessee's use of targeted tax credits and identified the TNInvestco program as an "innovative approach" to developing venture capital to help grow Tennessee businesses.

The four new TNInvestco funds participating in the program include MB Venture Partners, NEST-TN, Solidus-TNInvestco and Tennessee Angel Fund. They join the six previously announced TNInvestcos: Council & Enhanced Tennessee Fund, Innova Fund II, Limestone Fund, Tennessee Community Ventures Fund, Tri-Star Technology Fund and XMi High Growth Development Fund.

More information about the funds is available at www.tninvestco.gov.



ECD Commissioner Matt Kisber at a press conference in May calling for the expansion of the TNInvestco program to include four additional funds.

In Next Quarter's Developments...

57th Annual Governor's Conference on ECD Report



Design/Build Contractor Named for West Tennessee Solar Farm



U.S. Chamber of Commerce Report Highlights Tennessee



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